STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

FINANCIAL EXAMINATION
of
WESTERN UNITED LIFE ASSURANCE COMPANY
SPOKANE, WASHINGTON
NAIC CODE 77925
DECEMBER 31, 2003

Participating States:
Washington

Order No. G05-44
Exhibit A

CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Financial Examination of WULA of Spokane, Washington. This report shows the financial condition and related corporate matters as of December 31, 2003.

Patrick H. McNaughton

Patrick H. McNaughton
Chief Examiner

June 22, 2005

Date

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SALUTATION

Seattle, Washington
June 22, 2005

The Honorable Alfred W. Gross, Commissioner
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
Chair, NAIC Financial Condition (E) Committee
PO Box 1157
Richmond, VA 23218

The Honorable Linda Hall, Director
Alaska Division of Insurance
Secretary, Western Zone
550 West 7th Avenue, Suite 1650
Anchorage, AK 99501-3567

The Honorable Mike Kreidler, Commissioner
Washington State Office of the Insurance Commissioner (OIC)
Insurance 5000 Building
5000 Capital Blvd.
Tumwater, WA 98504-0255

Dear Commissioners and Director:

In accordance with your instructions and in compliance with the statutory requirements of RCW 48.03.010, an Association Examination was made of the corporate affairs and financial records of

Western United Life Assurance Company
of
Spokane, Washington

hereinafter referred to as "WULA" or "the Company", at its home office located at 4424 N. Sullivan, Spokane Valley, WA 99216. The following report on the examination is respectfully submitted showing the condition of the Company as of December 31, 2003.

SCOPE OF THE EXAMINATION

This examination covered the period January 1, 2000 through December 31, 2003 and comprised a comprehensive review of the accounts and records of the Company. The examination followed the statutory requirements contained in the Washington Administrative Code (WAC), the Revised Code of Washington (RCW), and the guidelines recommended by the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (FCEH). The examination included identification and disposition of material transactions and events occurring subsequent to the date of examination that were noted during the examination. This included placement of the Company into rehabilitation by the OIC on March 2, 2004, following the bankruptcy filing of its ultimate parent.

Corporate records, external reference materials, and various aspects of the Company's operating procedures and financial records were reviewed and tested during the course of this examination and are commented upon in the following sections of this report. In addition, the Company's certified public accountant's (CPA's) work papers were reviewed and utilized, where possible, to facilitate efficiency in the examination.

INSTRUCTIONS

The examiners reviewed the Company's filed 2003 NAIC Annual Statement as part of the statutory examination. This review was performed to determine if the Company completed the NAIC Annual Statement in accordance with the NAIC Annual Statement Instructions and to determine if the Company's accounts and records were prepared and maintained in accordance with Title 48 RCW and Title 284 WAC, and the NAIC Statements of Statutory Accounting Principles (SSAP) as contained in the NAIC Accounting Practices and Procedures Manuals (AP&P).

1. Appraisals of Real Estate and Mortgage Loan security

As of December 31, 2003, the Company held some mortgage loan and real estate investments which were unsupported by current appraisals or which had not been appraised by competent appraisers. Accordingly, in 2004, appraisals were obtained by the Company's new management. Those appraisals determined market values that were less than the book values for certain properties. In some cases, the Company had already disposed of the properties before the appraisal reports were submitted, sometimes for prices in excess of the appraised values. However, no sales had subsequently been consummated to remedy the appraisal adjustments (after Asset Valuation Reserve [AVR] effects) of $7,787,000 for real estate held for sale, and $10,521,000 for properties securing certain mortgage loans. The Company recorded all $18,308,000 as write-downs through September of 2004 and that amount is booked as a reduction of surplus by examination adjustment number 1. In 2005, an additional $7,000,000 appraisal adjustment for certain Hawaiian property was recorded to further reduce mortgage loan collateral and surplus. This amount is also included in examination adjustment number 1 and will be recorded by the Company.

WULA recorded an additional $10,188,000 appraisal adjustment in 2004 to write-down a property held for the production of income. This is recorded as examination adjustment number 2.

The Company is instructed to comply with WAC 284-13-280 and RCW 48.13.140 and to follow the AP&P as required by WAC 284-07-050(2) by obtaining valid, reliable and current appraisals for all properties at the time of acquiring or making investments involving real property.

2. Disallowance of Realized Gains

In September 2002, WULA sold a Texas property known as Five J to Jeff Properties, LLC for $15.9 million, realizing a gain of $7.9 million on the sale. The down payment by Jeff Properties LLC was indirectly facilitated by a loan made by Summit Securities, an affiliate of the Company. Financial Accounting Standards (FAS) No. 66, which is incorporated into SSAP No. 40, paragraph 16, states that to immediately recognize a profit for the sale of real estate under the full accrual method, the buyer's initial down payment must adequately demonstrate a commitment to pay for the property. Funds that have been directly or indirectly provided to the buyer by the seller would not qualify. An additional sale in September of 2002, to Grand Hills Holding ($1.8 million gain) followed the same pattern. Both of these transactions were not in compliance with SSAP No. 40, and the Jeff Properties, LLC and Grand Hills Holding sales were reversed by the Company in 2004. This increased the net loss by $5,565,000, and is shown as examination adjustment number 3.

RCW 48.05.073 requires companies to file financial statements in accordance with SSAP. According to SSAP No. 40, an initial down payment must adequately demonstrate a commitment to pay for the property and should not include any funds that have been provided directly or indirectly to the buyer by the seller. Therefore, the Company is instructed to comply with RCW 48.05.073 by recognizing gains only when transactions qualify for such recognition by meeting all the requirements of SSAP No. 40, including the down payment restrictions.

3. Alternative Cash Flow Adjustments

The Receivable/Payable for Securities account on the December 31, 2003 NAIC Annual Statement pertains entirely to Alternative Cash Flows (ACF), such as lottery payments. The transactions therein represent due and late payments recorded incorrectly as receivables for securities and prepayments recorded incorrectly as payables for securities.

This accounting is not in compliance with the applicable NAIC Annual Statement Instructions and the AP&P. Furthermore, receivables are subject to admissibility tests and the admitted amount depends on the aging of the receivables. WULA was not able to age the account's components to assess the admissible portion. The account balance was entirely written-off to Surplus in 2004. In order to eliminate this non-admitted balance in the Receivable/Payable for Securities account, examination adjustment number 4 charges surplus for $3,590,957.

In addition, the Company failed to write off $409,097 of valueless Tachyon preferred stock after Tachyon ceased operations, although its common stock was written off by WULA at that time. This write-off is also included in examination adjustment number 4.

RCW 48.05.250 requires insurance companies to file an accurate statement of its financial condition, transactions, and affairs. WAC 284-07-050 and WAC 284-07-130 requires adherence to the applicable NAIC Annual Statement Instructions and the AP&P, while RCW 48.05.073 requires a company to file its financial statements in accordance with the AP&P. The Company is instructed to ensure that the alternative cash flow receivables are accurate, admissible and collectible at the amounts presented in the financial statements.

4. Joint Venture Impairment

As of December 31, 2003, WULA overstated its investment in AOS Investors, LLC by not taking into consideration the investment's impairment. The joint venture's only asset, a leasehold, became worthless when the venture defaulted on the lease agreement. Since the impairment is other than temporary, WULA should have written down the value of the asset in 2003 and accounted for it as a realized loss. The joint venture impairment would have decreased 2003 surplus by $3,147,000. This adjustment was recorded by the Company in September 2004 and it is shown in this report as examination adjustment number 5.

The Company is instructed to comply with RCW 48.05.250 and file a true statement of its financial conditions, transactions and affairs; with RCW 48.05.073 which requires the filing of its financial statements in accordance with AP&P; and WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and AP&P. This would include valuation of its joint ventures.

5. Capital Contribution

The Company had participated in a tax shelter arrangement initiated by its parent, Metropolitan Mortgage & Securities Co. (MMS), which was partially guaranteed by MMS. The IRS disallowed the shelter, but a settlement was reached and WULA recorded a tax liability in 2003, without recognizing any of the related guarantee. The Company's legal counsel supports recognition of the guarantee, which will be used as an $11,200,000 offset to other tax liabilities payable to MMS under the intercompany tax sharing agreement.

The $11,200,000 is recorded as a capital contribution, as required by SSAP No. 72, paragraph No. 7. That provision states that "...forgiveness of a reporting entity's obligations to its parent...shall be accounted for as contributed capital." This contribution is recorded by adjustment number 6 as a decrease in the current federal tax liability and an increase in contributed surplus.

The Company is instructed to comply with RCW 48.05.250 and file a true statement of its financial conditions, transactions and affairs; with RCW 48.05.073 which requires the filing of its financial statements in accordance with AP&P; and WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and AP&P, by recording the $11,200,000 as a capital contribution.

6. Lower Grade Obligations Exceed Statutory Limits

According to RCW 48.13.273(2)(e), no more than one-half of one percent of an insurer's admitted assets as of the last day of the most recently concluded annual statement year may be invested in lower grade obligations issued, guaranteed, or insured by any one institution. One-half of one percent of WULA's December 31, 2002 admitted assets was $7,500,165 ($1,500,073,003 x .005%). WULA has $9,409,021 of lower grade obligations with MMS affiliates.

Therefore, WULA's investment in lower grade obligations with the MMS group exceeds the regulatory limit by $1,908,856. This is recorded as examination adjustment number 7.

The Company is instructed not to invest in lower grade obligations beyond the levels permitted by RCW 48.13.273(2)(e) the Company or, conversely, to seek approval from the Commissioner in order to hold obligations exceeding those limitations.

7. Administrative and Investment Processes

Prior to being placed under supervision by the OIC, many of WULA accounting, administrative and investment processes were performed, directed or guided by its ultimate parent, MMS. During this period, many practices were followed and transactions occurred which violated statutory regulations. Some of the practices and transactions included:

> 1.) WULA's General Ledger was maintained by MMS, which initiated and booked transactions after the Company had prepared its quarterly reports, resulting in erroneous quarterly reporting to the OIC. This is a violation of RCW 48.05.280, which requires maintenance of adequate accounts and records, and of RCW 48.05.073, which requires filing financial statements which are in accordance with the AP&P.
>
> 2.) The sale of two Florida hotels (Day's Inn and LaQuinta) to Old Standard Life Insurance Company (OSL), for $13,280,000, in violation of RCW

48.31B.025(2)(c), which requires notification of significant transactions to the OIC within 15 days after month end.

3.) On September 30, 2003 MMS sold WULA properties in Sunset Beach, Hawaii, for $12,309,000, and only paid the principal amount to WULA on October 25, 2003, without any interest thereon, in violation of RCW 48.31B.030(1)(a)(i), which requires fair and reasonable transaction terms.

While recognizing that the above situations were the result of MMS's control of WULA, the Company is instructed to follow all relevant RCW sections, including:

RCW 48.05.073, which states, "Every insurer...shall file its financial statements as required by this code...in accordance with the accounting practices and procedures manuals..."

RCW 48.05.280, which says, "Every insurer shall keep full and adequate accounts and records of its assets, obligations, transactions and affairs."

RCW 48.31B.025(1)(c) which states, "Each registered insurer shall keep current the information required to be disclosed in its registration statement by reporting all material changes or additions within fifteen days after the end of the month in which it learns of each change or addition."

RCW 48.31B.030(1)(a)(i), which requires that for all transactions within a holding company system, "The terms must be fair and reasonable".

8. Inadequate Accounting and Report Filing Procedures

a. Missing data - Schedule BA Part 1

Several investments on Schedule BA - Part 1 of the Company's December 31, 2003 NAIC Annual Statement omit city and state location information. Such information is required by page 306 of the NAIC Annual Statement Instructions.

b. Cost of owned real estate not properly reported in the annual statement

In accordance with the NAIC Annual Statement Instructions, Schedule A - Part 1 (Real Estate Owned December 31 of Current Year), the Company should include the actual cost of each real estate parcel. However, the actual cost was missing for the majority of properties shown on the 2003 Schedule A – Part 1.

c. Incorrect data on Schedule D - Part I

Schedule D - Part 1 of the Company's December 31, 2003 NAIC Annual Statement reported incorrect CUSIP numbers and/or maturity dates for six securities.

d. Cash accounting deficiencies

Some cash balances reported on the December 31, 2003 NAIC Annual Statement are not correct. Some of the problem areas are as follows:

In general, income earned in December 2003 for cash and short-term investments was not recorded in the correct period. For example, interest of $54,046 paid in 2003 was not recorded until 2004.

Adjustments to cash accounts should be researched as part of the monthly reconciliation process. Some wire transfers that did not go out until 2004 were recorded in 2003. On the other hand, in December 2003, a large wire transfer of $1.4 million to OCWEN, an outside investment manager, was not recorded until March of 2004.

Many checks have been outstanding for over a year. Bank accounts that were closed during our period of examination continued to carry balances at December 31, 2003, due to outstanding checks. The Company's main operating account has many outstanding checks that are over one-year old.

The Company is instructed to comply with RCW 48.05.073 which requires the filing of its financial statements in accordance with the AP&P; with RCW 48.05.250 which requires filing of a true statement of its financial conditions, transactions and affairs; with RCW 48.05.280 which requires every insurer to keep full and adequate accounts and records of its assets, obligations, transactions, and affairs and with WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and the AP&P.

Fiduciary Responsibility

a. Conflict of Interest Policy

The Company does not have a conflict of interest policy and the 2003 and 2004 conflict of interest statements were both subjective and unsigned. RCW 48.05.370 requires the prudent exercise of officers' and directors' fiduciary responsibilities. But the Company does not have a suitable mechanism to identify and monitor potential conflicts.

b. Accounts Payable Procedures

During the audit period, there were no written procedures for processing Accounts Payable. Before the recent introduction of new systems software, anyone could input into the Accounts Payable system and activities were not centralized. Based on the Company's internal audit reports and employees' testimony, controls were missing or ineffective.

c. Internal Control Procedures and Fraud Avoidance

The Company previously had comprehensive fraud and money laundering prevention detection and reporting procedures. However, they precede the Metropolitan bankruptcy and contain references which may no longer be appropriate. Even worse, the procedures may no longer really be operative because the responsible personnel may no longer be employed.

RCW 48.05.370 states, "Officers and directors of an insurer... shall be deemed to stand in a fiduciary relation to the insurer, and shall discharge the duties of its respective positions in good faith, and with that diligence, care and skill which ordinary prudent men would exercise under similar circumstances in like positions." In order to monitor compliance with this statute, the Company is instructed to institute sound and sensible control procedures in all areas where internal controls are missing or inadequate. Further, the Company should institute appropriate "best practices" procedures to prevent, detect and report suspected instances of fraud.

10. Absence of Full and Adequate Records

a. Mortgage Loan Disclosure

During the years under examination, the Company was unable to provide some of the mortgage loan disclosures required for the NAIC Annual Statement Notes to the Financial Statements. The instruction for Note 5 A, item 9, requires that a company disclose "the related amount of interest income recognized during the time within that period that the loans were impaired." The Company was unable to provide this information.

b. Fixed Assets

Controls over fixed assets were weak or nonexistent, including:

Acquiring and disposing of fixed assets – A current, accurate fixed asset listing was not maintained nor was a physical inventory taken. Neither was there a procedure to verify that purchase/sale prices equaled quoted prices.

Recording of assets - In many instances, the Company did not record individual assets. A "Fixed Asset Schedule" (FAS) was not maintained with sufficient detail nor updated with all changes. Prior to 2004, assets were depreciated over long lives not in accordance with GAAP. At December 31, 2003, the general ledger did not agree with the fixed asset system's schedule of "Electronic Data Processing Equipment and Software".

The Company is instructed to comply with RCW 48.05.280 which requires it to keep full and adequate records of its assets, obligations, transactions and affairs and to design and implement adequate procedures which assure that assets are properly recorded and valued.

COMMENTS AND RECOMMENDATIONS

1. Business Contingency Plan

The Company has a formal, written Business Contingency Plan that addresses the continuation of all significant business activities, including financial functions, telecommunication services and data processing services, in the event of a disruption of normal business activities, as required by NAIC Guidelines. However, when MMS went into bankruptcy, many employees from the various affiliated companies were laid off. After the staffing level becomes stable and job functions and duties have been redefined, the Business Contingency Plan will need to be updated to document and reflect these changes.

It is recommended the Business Contingency Plan be updated after the operational environment has stabilized and job functions and duties have been redefined. The revised plan needs to reflect changes in staff assignments and responsibilities and to conform to new job processes and functions.

2. Segregation of Duties

The Chief Investment Officer (CIO) was responsible for security acquisitions and dispositions, fund receipts and disbursements and journal entry creation. The CIO, who was also the Treasurer during the examination period, made investment recommendations according to the Company investment policy and the business plan. After approval by the President and the Receiver, the CIO negotiated trades with brokers and approved documentation for payment by the Treasury Department. All disbursements and receipts were initiated or received by the Treasury Department, which also verifies, combines, classifies and summarizes all receipts. Investment accounting did independently access the Bloomberg investment service to verify and receive information regarding trades, and input the transactions into the PAM investment accounting system.

It is recommended that the Company properly segregate duties to ensure that initiation of trades, trade settlement, posting of transactions to the general ledger, and accounting for investments are all coordinated, but independent, functions.

We were informed by the Company that such steps were taken subsequent to the examination period.

3. Centralized Records Retention

The Company does not have a centralized records retention program to delineate holding periods for important documents. Management says that the business units have been given the responsibility for records management administration, resulting in inconsistent or nonexistent retention periods for similar items.

It is recommended that the Company set up a centralized records retention and administration unit to assure universal and consistent adherence to federal and state statutory requirements. This should be more efficient and effective than relying on each business unit to monitor and comply with this important function.

4. Current Reviews of Agents' Financial Condition

Management does not periodically evaluate the financial condition of outside agents or others who handle premiums. Financial condition is reviewed upon initial appointment, but not on an ongoing basis.

It is recommended that the Company periodically evaluate the financial condition of outside agents or others who handle premiums.

5. 2003 Information Technology (IT) Audit

In February 2003, the Moss Adams consulting firm performed an IT Audit. To date, many of the recommendations to strengthen security and controls have not been complied with or implemented.

It is recommended that the Company analyze and implement all suitable recommendations in the February 2003 IT Audit and justify the reason for not complying with any deemed unsuitable.

6. 2004 IT Security Audit

In March 2004, the IT security consulting firm, Right! Systems Incorporated performed a security audit of the IT infrastructure.

It is recommended that the Company analyze and implement all suitable recommendations in the March 2004 Security Audit and justify the reason for not complying with any deemed unsuitable.

7. **Real Estate Income**

In 2004, the Company carried $137,074,194 of real estate and collected income of $1,086,312. Most of the real estate resulted from mortgage foreclosures and were held for sale in excess of 6 months.

It is recommended that the Company seek more income generation methods for foreclosed properties awaiting sale.

8. **Review of Financial Reporting Package**

Management does not have a formal and established program for senior management to review the quarterly and annual financial reporting package and to officially signify their approval for regulatory filing.

It is recommended that the Company institute a formal written program to obtain and record management approval for all official financial reporting packages, to ensure that such documents represent a true statement of WULA's financial condition.

9. **Reinsurance Program**

The Company's previous reinsurance program was primarily an intra-group one and appears to have been developed solely to satisfy some group aims, such as regional dominance, which are unrelated to normal reinsurance objectives. Presently, the Company is reassessing its previous reinsurance and is currently not utilizing its non-life reinsurance program. When its business realignment is complete, the Company should review its exposures and determine the most cost-effective risk retention strategy.

It is recommended that the Company set a timetable to reassess its reinsurance needs in light of its exposure tolerance and determine the most effective and economical way of balancing profit against the need for protection. At that time, any resulting reinsurance requirements should be contracted with third party reinsurers, either directly or through an intermediary.

COMPANY PROFILE

Company History

The prior examination was performed as of December 31, 1999, and covered the period January 1, 1994 to December 31, 1999.

WULA was incorporated in the state of Washington in 1963 and became a member of the Metropolitan group of companies in 1972 through a stock purchase. WULA is a

Washington domiciled insurer and is regulated by the OIC. As of December 31, 2003, the Company was also licensed as an insurer in the states of: Alaska, Arizona, Hawaii, Idaho, Indiana, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah and Wyoming.

On December 24, 2003, WULA consented to an Order for Supervision by the OIC and on March 2, 2004, the OIC issued an "Order of Rehabilitation and Appointment of Receiver".

Bankruptcy of Ultimate Parent Company

Western United Holding Company owns all of the issued and outstanding common stock of the Company and is in turn a wholly-owned subsidiary of MMS, with C. Paul Sandifur, Jr. as the ultimate controlling person of MMS. MMS filed for bankruptcy under Chapter 11 of the Bankruptcy Code on February 4, 2004.

Mr. Sandifur resigned as President and Chief Executive Officer of MMS on January 27, 2004 and, by resolution dated February 23, 2004, its Board of Directors appointed an executive of a crisis management and turnaround advisory firm to act as the Chief Executive.

Rehabilitation of Western United

In March 2004, WULA was placed in receivership, severing it from MMS control. In mid-2004, WULA resumed full operations in Washington and limited operations in most other states where it is licensed, following a voluntary suspension of all sales activities since the beginning of the year. It subsequently developed a business strategy to regain momentum while maximizing policyholder safety. In 2005, the Company plans to apply for permission to fully resume normal sales activities in all the states where it is licensed.

Because the Company's niche business model was successful in the past, it hopes to build on its reputation while generating an asset mix more consistent with industry standards. Through these actions, WULA intends to restore its surplus and continue serving its policyholders.

Territory and Plan of Operation

The Company was licensed to do business in sixteen states. Direct premiums were generated in all sixteen of these states during the period covered in this examination. Almost all of the 2003 direct premiums were written in states where the Company is authorized to transact business. Direct premiums written in unauthorized states are generated through the normal migration of policyholders from authorized states. The Company's underwriting, policy preparation, claim settlement, withdrawal and payment issuance functions are performed in its Post Falls, Idaho administrative office.

Effective March 10, 2004, the state of Alaska suspended the Company's Certificate of Authority for one year (subsequently extended until the Company is released from rehabilitation) and the states of Arizona and Texas requested suspension of sales activity until further notice. WULA also voluntarily suspended writing new business in all other states.

Growth of Company

The Company's growth, as reported in its filed annual statements, is illustrated below.

Year	Assets	Liabilities	Capital and Surplus
2000	$ 906,010,214	$ 840,142,899	$ 65,867,315
2001	1,050,497,089	964,878,425	85,618,664
2002	1,500,073,003	1,355,723,132	144,349,871
2003	1,700,031,004	1,582,086,419	117,944,585

Year	Premiums	Net Investment Income	Contract Benefits
2000	$ 193,401,441	$ 66,006,151	$ 252,273,405
2001	216,236,686	74,087,825	169,338,365
2002	320,699,757	101,789,046	138,806,315
2003	249,096,513	114,459,645	166,355,693

Life Business in Force by State

State	Amount	State	Amount
Alabama	$ 10,000	Alaaska	$ 221,527
Arizona	2,151,984	Arkansas	68,112
California	$ 4,580,937	Colorado	1,221,478
Connecticut	35,000	Florida	1,652,513
Georgia	25,000	Hawaii	16,180,746
Idaho	40,589,737	Illinois	518,024
Indiana	100,000	Kansas	35,000
Kentucky	25,000	Louisiana	100,000
Maine	25,000	Maryland	161,732
Massachusetts	100,000	Michigan	119,210
Minnesota	1,608,275	Missouri	541,419
Montana	5,399,909	Nebraska	257,616
Nevada	3,216,087	New Hampshire	125,000
New Jersey	50,000	New Mexico	95,000
New York	80,000	North Carolina	194,641
North Dakota	7,181,544	Ohio	595,000
Oklahoma	275,560	Oregon	18,820,554
Pennsylvania	125,000	South Carolina	75,000
South Dakota	551,652	Tennessee	101,051
Texas	785,982	Utah	15,236,483
Virginia	73,367	Washington	89,950,025
West Virginia	25,000	Wisconsin	559,937
Wyoming	1,852,904	Guam	10,000
Other Alien	357,720	Total	$ 216,065,726

Affiliated Companies

The Company is a member of a holding company system regulated pursuant to RCW 48.31B. Within the holding company structure, MMS, currently in bankruptcy, controlled numerous affiliates with various functions, including but not limited to, property development, mortgage loan origination and purchasing, the servicing of mortgages and structured receivables, and venture capital financing. C. Paul Sandifur, Jr., as an individual, owned National Summit Corporation, which, through a system of holding companies, owned Old Standard Life Insurance Company, domiciled in Idaho and Old West Annuity Life Insurance Company domiciled in Arizona. Through 2003, C. Paul Sandifur was the controlling stockholder in MMS, exercising full control of WULA through direct and indirect stock ownership in the affiliates listed below:

Metropolitan Mortgage & Securities Company, Inc.

MMS is the parent of WULA and of various non-insurance corporations, including Metwest Mortgage Services, Inc. MMS was incorporated in the state of Washington on

January 8, 1953, to conduct real estate financing, mortgage banking and insurance activities.

The Company utilized the facilities and personnel of MMS and its various affiliates and shared common management with MMS and those affiliates, paying for their use through various intercompany agreements filed with the OIC. Such agreements generally provided for reimbursement on a cost basis.

A new agreement was made in June 2004 and revised in August 2004, which provides for WULA to furnish necessary administrative services to MMS from April 16, 2004 through April 15, 2005. Among other things, under the agreement, WULA will pay MMS $307,750 for those assets currently being used by WULA, subject to Bankruptcy Court approval.

Metwest Mortgage Services, Inc. (MMSI)

Through 2003, MMSI provided mortgage loan and other receivable servicing and collection activities under a servicing agreement and was reimbursed for the cost of those activities. In April 2004, WULA assumed these duties and terminated the agreement.

Old Standard Life Insurance Company (OSL)

Until March 2, 2004, the Company, which is wholly-owned by Summit Group Holding Company, provided IT and other services to OSL under an "Agreement for Annuity Support Services" and was reimbursed accordingly. There was also a reinsurance agreement between WULA and OSL, whereby WULA ceded a 75% share of fifteen different deferred annuity products. On August 1, 2003, WULA ceased to record premium writings under this treaty.

Old West Annuity & Life Insurance Company (OWAL)

Through April 2004, the Company, wholly-owned by OSL, provided Information Technology and other services to OWAL under an "Agreement for Annuity Support Services" and was reimbursed accordingly.

Summit Securities, Inc. (SSI)

SSI is the parent and controlling company for Summit Property Development, Inc. and Summit Group Holding Company. The common ownership and control of MMS and SSI made both companies WULA affiliates. SSI purchased receivables and other investments and it owns Summit Property Development, Inc., which provided real estate development services to WULA and others through March 16, 2004.

Consumers Insurance Company, Inc. (CIC)

CIC was indirectly wholly-owned by MMS. As of August 23, 1984, Consumers ceased writing or renewing almost all coverage. In December 2003, it surrendered its Washington certificate of authority and was dissolved.

Intercompany Contracts

Through April 15, 2004, WULA received most administrative and support services from the MMS and certain affiliates (the Met Group) and compensated the Met Group through various intercompany service agreements which were then terminated.

On April 16, 2004, critical staff and equipment were obtained from the Met Group and the Company became logistically self-sufficient. Individual service agreements were signed with OSL and OWAL, effective March 2, 2004, and a services/sales agreement was signed with the Met Group. The services/sales agreement resolved various intercompany receivable/payable matters, obliged WULA to furnish compensated administrative services to the Met Group, and provided for WULA's acquisition of the equipment and software used in providing the services. The Met Group is no longer providing any services to affiliated companies. The new intercompany agreements covering the services provided by WULA to OSL and OWAL require reimbursement on a cost basis.

MANAGEMENT and CONTROL

Board of Directors	Principal Occupation
Robert Stephen Corker	City Councilman and business-owner
Reuel Swanson	Secretary - WULA
John Van Engelen	President – WULA
Irv Marcus	Retired MMS executive
Gary D. Brajcich	Attorney in private practice
John Trimble	Retired MMS executive
Sam Smith	Educator and university administrator

Officers	Position
John Van Engelen	President
William Smith	Vice President, Principal Financial Officer
Scott Cordell	Vice President
Linda Mason	Vice President - Administration
Dave Luhn	Vice President and Controller
William Zehner	Vice President and Corporate

	Actuary
Deanna Tucker	Assistant Vice President
Sandy Ekholm	Assistant Vice President
Reuel Swanson	Secretary
Weiling Zhu	Treasurer
Eddie Schimpf	Assistant Secretary – Property Sales
Robert Luby	Assistant Secretary – Property Sales
Dennis Whalen	Assistant Secretary – Property Sales
Preston Ramsey III	Assistant Secretary – Property Sales
Michael Brixey	Assistant Secretary – Property Sales

Committees

Prior to entering Rehabilitation, there were Board Committees for Audits, Budgets, Investments and other purposes. Currently, all such committees are suspended, since the Deputy Receiver has sole authority for such matters.

Conflict of Interest

The Company does not have a conflict of interest policy statement. Please see Instruction Number 10.

Fidelity Bond and Other Insurance

Fidelity bonds and other insurance were reviewed to determine whether the Company has coverage for property and liability claims that may arise out of the ordinary course of business. Our examination determined that the Company has insurance against probable property and liability exposures and fidelity bond coverage for directors, officers, and key employees. Additionally, the Company's fidelity bonds and other insurance meet or exceed all statutory and/or NAIC minimum guidelines to protect Company assets and policyholders.

Officers', Employees', and Agents' Welfare and Pension Plans

Pension Plan

WULA employees are covered by a qualified defined contribution pension plan (401k) originally sponsored by the Company's ultimate parent, MMS. The plan is still effective and was recently recertified by the Internal Revenue Service (IRS). Contributions up to the annual maximum specified by the IRS may be made by eligible employees within the guidelines set forth in the plan document. A matching, discretionary, annual contribution may be made by the Company.

Deferred Compensation Plan

Certain Company officers and employees were eligible to participate in a non-qualified deferred compensation plan sponsored by MMS. Under the terms of this plan, participants contractually agreed to defer a portion of their compensation to a later date. The plan was fully funded, but contributions are subject to the general creditors of MMS, and as such, future payments are not guaranteed. Due to the financial condition of the ultimate Parent company, MMS stopped contributions in November 2003.

CORPORATE RECORDS

The minutes of stockholder, directors and committees' meetings were reviewed and the BOD minutes did not indicate any material changes to the corporate Bylaws or the Articles of Incorporation. Most significant transactions were initiated on a parent company level. Many such transactions are currently the subject of civil and criminal investigations and lawsuits and are not open to either full examination or presentation in this report.

In August 2004, the Company moved to leased facilities in Spokane Valley, Washington, where all corporate activities are now conducted. The lease runs for five years with annual increases of from 8 to 15%, with 2005 costing about $300,000. There are two five-year renewal options bearing annual increases of 3%. The Company's lease on its Post Falls, Idaho premises costs about $95,000 annually and expires on August 1, 2005. Corporate records are maintained in each location.

MORTALITY AND LOSS

The Company provided copies of its actuarial work papers and reserve reports as of December 31, 2003. Tests were performed on the underlying data, methods, and calculations as deemed necessary. Valuation reports and procedures were tested to establish that accurate and complete in-force information as of December 31, 2003 was represented in the valuation reports and work papers. A sampling of contracts and payments was taken from the reserve reports, premium collection records and paid claims reports. The samples were tested for completeness and accuracy.

During the course of the examination, the OIC actuary performed such testing of the Company's reserving methodologies and philosophies as was deemed necessary to form an opinion with respect to the items reported. The OIC actuary relied upon the Company's listings and summaries of in-force policies and contracts.

The general examination emphasis was to review the methods, assumptions or other bases used to determine the reported NAIC Annual Statement items, and to determine whether the reported amounts are sufficient and in compliance with Washington law.

The Actuarial Opinion and Memorandum (AOM) for December 31, 2003 was found to be unreliable because of the asset and investment assumptions used in cash flow testing for the reserve adequacy analysis. The cash flow testing included assets whose values were seriously misstated as a result of faulty or missing appraisals. Furthermore, the 2003 AOM had a serious deficiency in its lack of adequate analysis of its reserve arrangements as required by WAC 284-07-390 (2)(a)(v).

Rather than having the Company redo the 2003 AOM, a decision was made to use the 2004 AOM to infer the adequacy of reserves for 2003. The 2004 AOM assumed that all ceded reinsurance is valid and collectible. Under normal circumstances, this assumption is inappropriate and the Company would be required to non-admit reserve credits of uncollectible or invalid reinsurance arrangements. A majority of the Company's ceded annuity reserves are with a sister company which is also under receivership. This reinsurance arrangement is being addressed separately.

In the OIC actuary's opinion, no reserve adjustments are necessary. The methods, assumptions and methodologies used by the Company are generally appropriate, and all material relevant assets and liabilities on the NAIC Annual Statement were reported in accordance with Actuarial Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries.

REINSURANCE

The Company currently has nineteen active ceded reinsurance treaties in effect with nine different reinsurers. There are sixteen automatic and three facultative treaties. The treaties provide coverage for annuities, life, accidental death and disability in excess of the Company's retention. The current retention limits on life products range up to one hundred thousand dollars per policy, with reinsurer limits up to three million.

Through December 31, 2003, approximately ninety-six percent of ceded premiums and ninety-nine percent of reserve credits were ceded to OSL, an affiliate, under an automatic, single premium deferred annuity coinsurance contract. Under the terms of this contract, the Company retained twenty-five percent and ceded seventy-five percent of all gross premiums, policy reserves, policy claims and benefits, and commissions incurred. No premiums have been ceded under this treaty after 2003, since both parties were placed under supervision by their respective state insurance regulatory bodies in early 2004. This status has also placed in question OSL's financial condition and the security of its treaty obligations to WULA. Negotiations to resolve this complex situation with due respect for the rights and obligations of all parties have been ongoing for some months. To date, OSL has been meeting its transactional obligations through negotiated settlements, but efforts are under way to resolve this situation on a comprehensive basis.

As of December 31, 2003, the Company had ceded approximately $123,000,000 of reserves to OSL. If OSL does not satisfy the obligations underlying the reserves, the obligations revert to WULA for satisfaction.

All reinsurance agreements were reviewed for compliance with Washington State reinsurance statutes. In addition, all reinsurers were verified as authorized or unauthorized and their NAIC Annual Statement classification was checked. Reserve credits were reviewed and verified during the actuarial phase of the examination. The Company appears to have adequately monitored its reinsurance program, including the financial condition of the reinsurers, in the past. For the future, the aforementioned OSL treaty must be resolved on an overall basis and the Company should study its current needs and resources in order to construct an appropriate reinsurance program. (See Comments and Recommendations number 10)

STATUTORY DEPOSITS

The Company has the following Statutory Deposits:

State	Par Value	Market Value	Statement Value
WA	$1,000,0000	$1,012,878	$1,012,878
OK	300,000	300,000	300,000
AK	100,000	100,784	103,781

ACCOUNTING RECORDS AND INFORMATION SYSTEMS

Although Management can provide documentation that shows they have an understanding of the importance for providing direction and oversight of the IT functions within the organization, its past performance and actions during the examination period indicates a lack of commitment towards allocating time and resources to ensure proper oversight. During February 2003, Moss Adams', LLP was hired by MMS to perform an IT Audit. One year after the completion of the IT Audit, many of the recommendations to strengthen security and controls have not been complied with or implemented.

The Company has a formal, written Disaster Recovery Plan and a Business Contingency Plan that addresses the continuation of all significant business activities in the event of a disruption of normal business activities. As required by NAIC Guidelines, this includes financial functions, telecommunication services, and data processing services. However, when MMS went into bankruptcy, a significant number of employees from the various affiliated companies have been laid off. After the staffing level becomes stable and job functions and duties have been redefined, the Business Contingency Plan will need to be updated to document and reflect these changes. (See Comments and Recommendations number 1)

SUBSEQUENT EVENTS

1) On February 4, 2004, the BOD accepted the resignation of the Company President, John Van Engelen, and appointed Dale Whitney to assume Mr. Van Engelen's duties.

2) As previously described, the Company was placed in rehabilitation by the OIC on March 2, 2004, following the February 4, 2004 bankruptcy filing of its ultimate parent, MMS. In early 2004, WULA ceased writing business in all states, but in mid-year it resumed full-scale writing in Washington. Currently, it has also resumed limited production in the other sixteen states where it is licensed, excluding Alaska, Texas and Arizona.

3) In mid-August, 2004, WULA moved from the MMS building in Spokane to leased facilities in Spokane Valley, where all of its local Washington personnel are consolidated on one floor. The Company's underwriting, policy preparation, claim settlement, withdrawal and payment issuance functions were moved from its Post Falls, Idaho administrative office to the Spokane Valley location in 2005.

FOLLOW UP ON PREVIOUS EXAMINATION FINDINGS

All previous report instructions and comments were subsequently corrected.

FINANCIAL STATEMENTS

Assets, Liabilities, Surplus and Other Funds
Summary of Operations
Reconciliation of Surplus for the Period since the Last Examination
Analysis of Changes in Financial Statements As a Result of the Examination

WESTERN UNITED LIFE ASSURANCE COMPANY
ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2003

	BALANCE PER COMPANY	REF	EXAM ADJ	BALANCE PER EXAM
ASSETS				
Bonds	$492,334,074	7	($1,908,856)	$490,425,218
Stocks				
Preferred stocks	9,362,946	4	(409,097)	8,953,849
Common stocks	9,102,435			9,102,435
Mortgage Loans - First Liens	834,087,169	1&3	(23,086,000)	811,001,169
Real estate				
Properties occupied by the company	31,045,034	2	(10,188,000)	20,857,034
Properties held for sale	101,216,547	1	(7,787,000)	93,429,547
Cash and short term investments	155,547,980			155,547,980
Contract loans	19,797,414			19,797,414
Other invested assets	13,567,133	5	(3,147,000)	10,420,133
Receivable for securities	3,590,957	4	(3,590,957)	0
Aggregate write-ins for invested assets	1,089,771			1,089,771
Subtotal, cash and invested assets	1,670,741,460		(50,116,910)	1,620,624,550
Investment income due and accrued	19,922,892			19,922,892
Deferred premiums, agents' balances booked but deferred and not yet due	299,594			299,594
Net deferred tax assets	3,422,006			3,422,006
Electronic data processing equipment and software	196,618			196,618
Receivable from parent, subsidiaries and affiliates	4,563,897			4,563,897
Aggregate write-ins for other than invested assets	884,537			884,537
TOTAL ASSETS	$1,700,031,004		($50,116,910)	$1,649,914,094
LIABILITIES				
Aggregate reserve for life contracts	$1,200,795,092			$1,200,795,092
Liability for deposits type contracts	107,277,791			107,277,791
Contract claims - life	21,440,867			21,440,867
Premiums and annuity considerations received in advance	3,489			3,489
Interest Maintenance Reserve	16,803,638			16,803,638
Commissions to agents due or accrued-life and annuity contracts	219,452			219,452
General expenses due or accrued	475,623			475,623
Taxes, licenses and fees due or accrued excluding federal income taxes	2,202,864			2,202,864
Current federal and foreign income taxes	11,661,034	6	($11,200,000)	461,034
Unearned investment income	177,009			177,009
Amounts withheld or retained by company as agent	940,447			940,447
Amounts held for agents account	90,383			90,383
Remittances and items not allocated	5,726,304			5,726,304
Liability for benefit of employees and agents	283,889			283,889
Borrowed money	184,039,583			184,039,583
Dividends to stockholders declared and unpaid	724,628			724,628
Asset valuation reserve	19,030,043			19,030,043
Payable to parent, subsidiaries and affiliates	1,181,386			1,181,386
Payable to securities	2,068,907			2,068,907
Aggregate write-ins for liabilities	6,943,990			6,943,990
TOTAL LIABILITIES	1,582,086,419		(11,200,000)	1,570,886,419
SURPLUS AND OTHER FUNDS				
Common capital stock	3,513,348			3,513,348
Preferred capital stock	50,459,746			50,459,746
Gross paid in and contributed surplus	91,207,799	6	11,200,000	102,407,799
Unassigned Funds	(27,236,308)	1-7	(50,116,910)	(77,353,218)
Capital and surplus	117,944,585		(38,916,910)	79,027,675
TOTAL LIABILITIES, SURPLUS AND OTHER FUNDS	$1,700,031,004		($50,116,910)	$1,649,914,094

WESTERN UNITED LIFE ASSURANCE COMPANY
SUMMARY OF OPERATIONS
YEAR ENDED
DECEMBER 31, 2003

	BALANCE PER COMPANY	REF	EXAM ADJ	BALANCE PER EXAMINATION
INCOME				
Premiums and annuity considerations	$249,096,513			$249,096,513
Net investment income	114,459,645			114,459,645
Amortization of Interest Maintenance Reserve	2,194,662			2,194,662
Commission and Expense Allowance	781,525			781,525
TOTAL	366,532,345		0	366,532,345
BENEFITS				
Death Benefits	3,333,386			3,333,386
Annuity Benefits	29,310,842			29,310,842
Disability Benefits	9,172			9,172
Surrender Benefits and withdrawals for life contracts	133,702,293			133,702,293
Interest and adjustments on contracts or deposit-type contract funds	5,187,291			5,187,291
Increase in aggregate reserves for life and health	139,182,318			139,182,318
TOTAL	310,725,302		0	310,725,302
EXPENSES				
Commissions on premiums, annuity considerations and deposit-type contract funds	11,865,916			11,865,916
General insurance expenses	8,824,350			8,824,350
Insurance taxes, licenses and fees, excl. federal income tax	702,766			702,766
Increase in loading on deferred and uncollected premiums	(5,197)			(5,197)
Aggregate write-ins for deductions	23,392			23,392
TOTAL	332,136,529		0	332,136,529
Net gain from operations before dividends to policyholders and federal income taxes	34,395,816			34,395,816
Federal income taxes incurred (excl. tax on capital gains)	(34,581,777)	6	11,200,000	(23,381,777)
Net gain from operations after dividends to policyholders and income taxes but before realized capital gains (losses)	(185,961)		11,200,000	11,014,039
Net realized capital gains or (losses) less capital gains tax	(23,223,470)	3	(5,565,000)	(28,788,470)
NET INCOME	(23,409,431)		5,635,000	(17,774,431)
Capital and Surplus, December 31, Previous Year	$144,349,871			$144,349,871
Net income	(23,409,431)	6&3	$5,635,000	(17,774,431)
Change in net unrealized capital gains (losses)	(3,916,766)			(3,916,766)
Change in net deferred income tax	5,012,050			5,012,050
Change in non-admitted assets and related items	(7,826,858)	Var	(44,551,910)	(52,378,768)
Change in asset valuation reserve	3,396,809			3,396,809
Capital changes: paid-in	99,746			99,746
Surplus adjustment: paid-in	2,393,908			2,393,908
Dividends to Sockholders	(1,624,147)			(1,624,147)
Aggregate write-ins	(530,597)			(530,597)
Net change in capital and surplus for the year	(26,405,286)			(65,322,196)
Capital and Surplus, December 31, 2003	$117,944,585		($38,916,910)	$79,027,675

WESTERN UNITED LIFE ASSURANCE COMPANY
RECONCILIATION OF SURPLUS
FOR THE PERIOD SINCE THE LAST EXAMINATION

	2003	2002	2001	2000
Capital and Surplus, December 31, Previous Year	$144,349,871	$85,618,664	$65,867,315	$59,740,960
Net income	(23,409,431)	7,691,079	(2,176,885)	7,840,136
Change in net unrealized capital gains (losses)	(3,916,766)	1,447,633	(2,209,488)	1,020,288
Change in net deferred income tax	5,012,050	6,370,914	6,897,995	
Change in non-admitted assets and related items	(7,826,858)	(4,968,330)	(2,145,084)	211,521
Change in reserve on account of change in valuation base			(5,624,406)	
Change in asset valuation reserve	3,396,809	(9,541,617)	(1,033,083)	(3,852,152)
Cumulative effect of changes in accounting principles			(1,755,032)	
Capital changes: paid in	99,746	10,760,000	1,013,348	5,000,000
Surplus adjustment: paid in	2,393,908	49,398,028	28,243,827	
Dividends to Stockholders	(1,624,147)	(2,426,500)	(4,158,000)	(3,287,000)
Aggregate write-ins for gains and losses in surplus	(530,597)		2,698,157	(806,438)
Net change in capital and surplus for the year	(26,405,286)	58,731,207	19,751,349	6,126,355
Capital and surplus on December 31, 2003	$117,944,585	$144,349,871	$85,618,664	$65,867,315

WESTERN UNITED LIFE ASSURANCE COMPANY
Analysis of Changes in Financial Statements Resulting from the Examination
As of December 31, 2003

	PER COMPANY	PER EXAMINATION	EXAMINATION ADJUSTMENT REFERENCE	INCREASE (DECREASE) IN SURPLUS		TOTALS
Capital and Surplus, December 31, 2003 - Per Annual Statement					$	117,944,585
ASSETS						
Mortgage Loans - First Liens	$834,087,169	$811,001,169	1&3	($23,086,000)		
Properties Held for the Production of Incom	31,045,034	20,857,034	2	(10,188,000)		
Properties Held For Sale	101,216,547	93,429,547	1	(7,787,000)		
Other Invested Assets	13,567,133	10,420,133	5	(3,147,000)		
Receivable for Securities	3,590,957	0	4	(3,590,957)		
Preferred Stock	9,362,946	8,953,849	4	(409,097)		
Bonds	492,334,074	490,425,218	7	(1,908,856)		
LIABILITIES						
Current federal Income tax	$11,661,034	$461,034	6	11,200,000		
Change in surplus						($38,916,910)
Capital and Surplus, December 31, 2003 - Per Examination					$	79,027,675

NOTES TO THE FINANCIAL STATEMENTS

1.) Permitted Practices

The OIC has granted the Company a permitted accounting practice, whereby it is allowed to capitalize and amortize certain costs incurred in connection with acquiring loans purchased through March 31, 1998. This practice is at variance with SSAP No. 37, paragraph 7, which requires that such acquisition costs be expensed as incurred. All the costs must be amortized into income no later than December 31, 2004. This amortization decreased the 2003 statutory net income by $796,625, leaving $3,361,172 to be amortized in 2004.

Under RCW 48.12.010(2)(e), the Company is also permitted to accrue mortgage interest up to eighteen months past due and to recognize it as an admitted asset, provided that the resulting carrying value does not exceed the value of the property, less delinquent taxes. This practice is at variance with SSAP 34, paragraph 5(b), which only allows allowable interest up to 90 days past due. The amount of such interest recognized as of December 31, 2003 was $6,301,400.

2.) Commitments and Contingencies

As of December 31, 2003, the Company has the following commitments to provide additional capital for:

Commercial loans – approximately $82,321,000;
Limited partnerships – approximately $5,030,000.

3.) As of December 31, 2003, the Company had ceded approximately $123,000,000 of reserves to Old Standard Life Insurance Company (OSL), an affiliated company which was placed into receivership in March 2004. If OSL does not satisfy the obligations underlying the reserves, the obligations revert to WULA for satisfaction.

4.) Financial Statement adjustments consist of the following:

1 & 2	Mortgage loan collateral ($17,521,000) and other real estate ($17,975,000) were overvalued and are reduced to fair values as determined by current appraisals. (See Instruction No. 1).
3	$5,565,000 of real estate gains are disallowed because they didn't meet FASB Statement No. 66 requirements. (See Instruction No. 2).
4	To eliminate the $3,590,957 "Receivables for Securities" account which is probably uncollectible, overage and not admissible and to write-off $409,097 of worthless preferred stock. (See Instruction No. 3)

5 Writing down a $3,147,000 joint venture (AOS Investors). (See Instruction No. 4).

6. Capitalizing a forgiven $11,200,000 obligation to the ultimate parent. (See Instruction No. 5).

7. Non-admitting $1,908,856 of lower grade obligations of MMS affiliates. (See Instruction No. 6)

ACKNOWLEDGEMENT

The cooperation and assistance of the Company's officers and employees is hereby acknowledged.

In addition to the undersigned, Jerry Epler CPA, AFE; Susan Campbell, CPA, FLMI; Tarik Subbagh, CPA; Bert Karau, CPA; Kathy Hicks, CPA; Insurance examiners; John Jacobson, AFE, Automated Examination Specialist; Alexis S. Santos, ASA, MAA, Associate Actuary; Tim Hayes CPA, JD, Investment Specialist; and Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner, all from the Washington State Office of the Insurance Commissioner, participated in the examination and the preparation of this report.

Respectfully submitted,

John J Gaynard

John Gaynard, CFE, CPA, FLMI
Life and Disability Field Supervising Examiner
Reinsurance Specialist
Washington State Office of the Insurance Commissioner

AFFIDAVIT

State of Washington)
) ss
County of King)

John Gaynard, being duly sworn, deposes and says that the foregoing report subscribed by him is true to the best of his knowledge and belief.

John Gaynard, CFE, CPA, FLMI
Life and Disability Field Supervising Examiner
State of Washington

Subscribed and sworn to before me on this 22nd day of June, 2005.

Notary Public in and for the
State of Washington

COLLEEN JANSEN
COMMISSION EXPIRES
NOTARY
PUBLIC
5-17-08
STATE OF WASHINGTON